

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-136
Originated 12/23/91

Submit original and 4 copies to the
appropriate district office.

APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD
Rule 403.B(1) or (2)

Operator Name: Kerns Oil & Gas, Inc. Operator No. _____
Operator Address: 2600 N. Fernbrook Lane, Suite 138, Plymouth, MN 55447
Lease Name: Jicarilla 1/63 2I Type: State _____ Federal _____ Fee _____
Location: Sec 23 23N 2W Sandoval County, New Mexico
Pool: Blanco P. C. South
Requested Effective Time Period: Beginning January 11, 1993 Ending 1/10/98; then month-to-month

APPROVAL PROCEDURE: RULE 403.B.(1)

Please attach a separate sheet with the following information.

- 1) A list of the wells (including well name, number, ULSTR location, and API No.) included in this application.
- 2) A one year production history of each well included in this application (showing the annual and daily volumes).
- 3) The established or agreed-upon daily producing rate for each well and the effective time period.
- 4) Designate wells to be equipped with a flow device (required for wells capable of producing 5 MCF per day or more).
- 5) The gas transporter(s) connected to each well.

RECEIVED

APPROVAL PROCEDURE: RULE 403.B.(2)

Please attach a separate sheet with the following information.

A separate application is required for each Central Point Delivery (CPD).

Working interest, royalty and overriding royalty ownership must be common for all wells to be connected to the ~~same~~ CPD.

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- 1) An ownership plat showing a description of the lease and all of the wells to be produced through this CPD.
 - a) List the wells which will be metered separately, including API No.
 - b) List the wells which will not be metered separately, including API No.
- 2) Describe the proposed method of allocating production from non-metered wells.
- 3) A one year production history of the wells which will not be metered showing the annual and daily volumes.
- 4) The gas transporter(s) connected to this CPD.

Applicant will be responsible for filing OCD Form C-111 for the CPD.

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Kerry A. Johnston
Printed Name & Title: Kerry A. Johnston
Vice President

OIL CONSERVATION DIVISION

This approval may be cancelled at anytime that operating conditions indicate that re-tests may be necessary to prevent waste and protect correlative rights.

Approved Until: 1-10-98
By: Original Signed by FRANK T. CHAVEZ
Title: SUPERVISOR DISTRICT # 3

FOR EPNG ALTERNATIVE GAS MEASUREMENT METHOD

KERNS OIL & GAS, INC.

WELLNAME	WELL NO.	LOCATION	API NO.	EPNG METER NO.	1/92-12/92												(A)		(B)	
					Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	AVG (12 Mos)	ACTUAL MCFD AVG (12 Mos)	EPNG METHOD MCFD	VARIANCE (B)-(A)
H. B. BROWNING	1C	SEC 33 24N 1W	38-839-05258	7322781	0	0	0	1	0	0	0	0	4	0	0	0	90	0.3	6.00	5.71
HARRINGTON FEDERAL	1F	SEC 28 24N 1W	38-839-05386	7325181	184	210	211	138	122	105	88	168	160	164	221	270	172	5.7	6.00	0.27
BUFF A GOVERNMENT	1W	SEC 22 24N 1W	38-839-02318	7326181	236	248	210	183	66	72	275	312	265	229	276	248	216	7.2	7.92	0.73
WERMTZ FEDERAL	2F	SEC 21 24N 1W	38-839-05391	7326581	516	468	459	452	415	469	461	459	410	439	441	426	451	15.0	15.36	0.32
ABRAHAM FEDERAL	3D	SEC 24 24N 2W	38-839-05356	7327281	0	0	0	0	0	0	0	0	0	0	0	0	1	0.0	8.40	8.38
GARDNER FEDERAL	1D	SEC 5 23N 1W	38-839-05185	7327381	310	465	438	367	298	287	368	311	371	228	178	402	335	11.2	15.12	3.97
BUFF FEDERAL	2D	SEC 27 24N 1W	38-839-05278	7328081	392	298	351	384	320	385	324	370	400	312	288	340	340	11.3	11.52	0.19
HARRINGTON FEDERAL	5J	SEC 33 24N 1W	38-839-05228	7328281	0	0	0	0	122	27	36	26	139	13	24	157	45	1.5	7.68	6.17
EDWARDS FEDERAL	1D	SEC 27 24N 1W	38-839-02319	7342281	349	373	334	353	288	358	361	382	344	283	329	423	348	11.6	12.24	0.64
JICARILLA A	1A	SEC 1 23N 2W	38-839-05188	7343381	199	141	192	155	144	178	178	176	168	153	212	232	175	5.8	6.00	0.16
EMMA MCDANIEL	1P	SEC 22 24N 1W	38-839-05350	7357881	158	205	145	148	147	179	195	222	215	126	115	122	165	5.5	12.72	7.23
H. B. BROWNING	3C	SEC 4 23N 1W	38-839-05180	7358281	183	377	318	139	237	7	0	11	202	46	41	118	133	4.4	9.60	5.18
DOUTHY BROWNING	2L	SEC 4 23N 1W	38-839-05182	7358381	0	0	0	0	0	0	0	0	0	1	2	0	0	0.0	5.28	5.27
JICARILLA E	1A	SEC 12 23N 2W	38-839-05122	7358881	228	193	215	192	161	225	245	224	260	239	228	287	225	7.5	7.20	-0.29
ELLIOTT FEDERAL	2D	SEC 7 23N 1W	38-839-05117	7358981	471	456	403	410	445	460	419	411	398	409	389	473	429	14.3	14.88	0.59
HALL FEDERAL	2C	SEC 7 23N 1W	38-839-05125	7359581	339	342	345	315	275	322	291	301	323	294	212	269	302	10.1	11.28	1.20
HALL FEDERAL	1C	SEC 6 23N 1W	38-839-05190	7359781	207	312	290	319	218	332	269	299	216	230	249	281	276	9.2	9.84	0.65
MOORELOCK COM	1L	SEC 7 23N 1W	38-839-05098	7360781	263	340	320	286	266	266	323	328	320	250	261	299	294	9.8	10.56	0.78
JICARILLA A	3K	SEC 1 23N 2W	38-839-02311	7362581	141	257	160	142	135	91	80	79	100	195	189	197	148	4.9	6.00	1.07
JICARILLA A	2P	SEC 1 23N 2W	38-839-05144	7362981	305	498	377	313	292	302	298	311	265	36	7	267	273	9.1	11.52	2.43
JICARILLA B	3M	SEC 2 23N 2W	38-839-05132	7363181	337	321	323	277	276	237	225	248	251	243	322	284	279	9.3	9.12	-0.17
JICARILLA C	1G	SEC 3 23N 2W	38-839-05164	7363281	274	337	110	0	0	0	0	0	0	0	0	12	61	2.0	13.44	11.40
JICARILLA D	4D	SEC 11 23N 2W	38-839-05112	7363381	386	290	304	284	261	237	290	281	262	250	271	275	276	9.2	9.12	-0.08
JICARILLA F	4F	SEC 13 23N 2W	38-839-02314	7363681	340	340	348	316	9	341	397	437	428	331	239	324	321	10.7	12.72	2.03
JICARILLA H	1A	SEC 24 23N 2W	38-843-05052	7363981	296	60	349	330	282	363	389	430	334	201	147	202	282	9.4	11.52	2.12
DUFF B FEDERAL	1D	SEC 19 23N 1W	38-843-05200	7364081	394	357	305	205	403	383	383	349	327	326	321	345	348	11.6	12.24	0.63
JICARILLA C	2D	SEC 3 23N 2W	38-839-05129	7364181	313	336	291	287	310	211	287	296	412	429	388	447	334	11.1	10.56	-0.57
BUZZY FEDERAL	2D	SEC 33 24N 2W	38-839-05201	7364581	214	295	188	183	351	237	169	147	288	330	255	254	243	8.1	7.92	-0.19
JICARILLA D	2J	SEC 11 23N 2W	38-839-05091	7365081	309	295	375	476	348	331	336	432	416	341	360	274	359	12.0	12.72	0.74
JICARILLA G	4D	SEC 14 23N 2W	38-839-05071	7365181	330	289	308	297	360	323	358	332	321	323	301	302	320	10.7	10.56	-0.12
JICARILLA C	3K	SEC 3 23N 2W	38-839-05142	7365381	373	321	305	278	340	292	243	324	268	203	189	251	282	9.4	15.12	5.71
JICARILLA F	1G	SEC 13 23N 2W	38-839-05066	7365881	220	229	31	170	114	218	181	174	166	31	11	123	139	4.6	6.48	1.85
JICARILLA J	3K	SEC 10 23N 2W	38-839-05894	7365981	338	251	270	329	331	350	361	293	230	247	236	242	290	9.7	10.00	0.42
JICARILLA C	4E	SEC 3 23N 2W	38-839-05165	7366081	228	199	205	209	228	207	162	200	185	168	162	205	197	6.6	6.48	-0.07
JICARILLA B	1G	SEC 2 23N 2W	38-839-05166	7366181	15	1	2	4	1	0	19	3	0	0	0	0	4	0.1	8.40	8.28
JICARILLA B	4E	SEC 2 23N 2W	38-839-05167	7366281	119	151	159	159	175	139	145	172	135	146	243	235	165	5.5	5.28	0.21
JICARILLA J	2D	SEC 10 23N 2W	38-839-05005	7366681	376	431	388	246	563	598	267	363	296	276	296	300	367	12.2	13.20	0.98
JICARILLA M	1G	SEC 8 23N 2W	38-839-05102	7366881	304	278	332	246	274	278	344	341	263	275	244	256	286	9.5	9.84	0.30
EVANS FEDERAL	1M	SEC 18 23N 1W	38-839-05056	7367581	72	99	121	88	109	133	111	131	122	19	59	61	94	3.1	5.04	1.92
JICARILLA M	2J	SEC 8 23N 2W	38-839-05007	7365681	0	0	0	0	0	11	20	0	0	0	1	0	3	0.1	5.28	5.19
BUFF GOVERNMENT	4K	SEC 35 24N 1W	38-839-05216	7509881	158	143	72	123	183	150	152	161	152	145	117	158	143	4.8	5.52	0.76
CONSALES FEDERAL	1D	SEC 34 24N 2W	38-839-05204	7510281	141	49	86	111	104	257	111	124	200	267	40	376	156	5.2	11.04	5.86
BUZZY FEDERAL	1M	SEC 34 24N 2W	38-839-05203	7510381	37	11	24	53	121	99	155	99	239	154	46	152	99	3.3	5.28	1.97
JICARILLA I	21	SEC 23 23N 2W	38-843-05107	7510781	358	471	432	386	438	362	385	410	374	333	345	355	387	12.9	14.64	1.73
JICARILLA L	2D	SEC 15 23N 2W	38-839-02273	7529981	345	441	444	362	363	388	331	368	411	467	354	304	382	12.7	12.72	0.00
JICARILLA L	4D	SEC 15 23N 2W	38-839-02238	7534081	523	792	448	426	282	387	468	431	274	284	440	573	444	14.8	15.12	0.32
TOTALS					11,281	11,970	11,061	10,133	10,177	10,519	10,492	10,936	10,915	9,454	8,986	11,205	10,594	353.1	454.6	101.4